

Government says Medicare will save \$200 billion through 2016

By Kelly Kennedy, USA TODAY

WASHINGTON – The government plans to announce today that the 2010 health care law will save Medicare beneficiaries \$208 billion through 2020, and save Medicare itself \$200 billion through 2016, based on a Centers for Medicare & Medicaid Services actuary report.

"We have achieved significant tangible savings that have been passed on to beneficiaries," said [Jonathan Blum](#), director of the Center for Medicare. "There's a tremendous opportunity for even greater savings."

Just as important, officials said, private health care providers have moved forward on their own to enact some of the law's provisions.

"The real surprise is the tremendous interest in reform," Blum said, adding that they expected savings. "What you can't predict with accuracy is behavior change."

A year ago, Blum said, there was animosity toward accountable care organizations — or health care teams that worked together for a patient's care — but private providers are now taking up the practice on their own. That comes as access to data shows that good care and savings can go together, he said.

There has been a "rising tide of commitment" from physicians, hospitals and insurers who are beginning to believe better care can be provided at a lower cost, said Rick Gilfillan, director of the Center for Medicare and Medicaid Innovation. "In some instances, the private sector is leading to improve the way care is delivered."

Opponents of the law have argued that premiums and prescriptions would increase as Medicare beneficiaries got lower rates, and the "free" preventive exams would raise taxpayers' costs.

For example, Michael Cannon of the Cato Institute, a libertarian think tank, has said Medicare prescription-drug savings are really "government subsidies," and will ultimately cost taxpayers money.

Supporters of the law say free annual exams will catch chronic diseases such as diabetes and heart disease early, thus saving money.

Cannon argues the jury is still out on whether the exams will decrease costs, or whether unnecessary screenings for people without health problems will add up faster than the benefits of catching issues early.

The new numbers are based on savings so far: 32.5 million people used preventive services last year with no costs to themselves, senior citizens saved \$3.2 billion for prescription drugs that fall in the "doughnut hole" in 2010 and 2011, and the government recovered \$4.1 billion in 2011 in anti-fraud efforts.

CMS also projected savings based on portions of the health care law that will be enacted soon, such as penalties for hospitals for readmitting patients for the same health episode, and paying providers based on quality standards.

The report states that Medicare beneficiaries will save \$59.4 billion through 2016 because of lower premiums and out-of-pocket costs. And Medicare will save \$200 billion through 2016.

In March, the [Congressional Budget Office](#) estimated that the insurance provisions of the law will now cost \$50 billion less than originally estimated in March 2011.

Savings have also been attributed to lowered payments to private [Medicare Advantage](#) insurers; increased productivity due to technology; and increasing patient safety, such as by decreasing hospital-acquired infections. All are provisions of the health care law.

The law's ability to continue to provide such changes hinges on whether the Supreme Court decides the individual mandate — the portion of the law that requires most Americans to buy insurance — will stand. The court is expected to issue its ruling in June.